

3. Beware of a new member of your church who springs up out of nowhere with a sure-fire investment scheme. Some con artists will waste no time ingratiating themselves within a religious circle. Find out about their background, if any, within the church.

4. Exercise the same caution and skepticism that you would with any other investment.

5. Ignore claims that religion-based investments are not regulated. Almost all investments, including church bonds, are regulated by state and federal securities or commodities laws.



6. Check out the promoter and the investment. Contact the Montana Securities Department at 1-800-332-6148 to find out if they are registered in Montana.

7. Do not give a break to a swindler who hides behind religion. Do not be victimized for a second time by letting an investment scammer off the hook. A con artist might take the opportunity to take advantage of new victims elsewhere.

**Montana Securities
Department
1-800-332-6148**



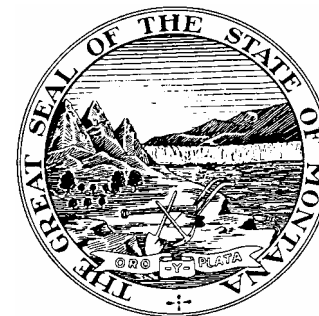
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Affinity Fraud



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Who Should You Trust?

In a world of increasing complexity, many people want a shorthand way of knowing who they should trust. This is especially true when it comes to investing money.

Unfamiliar with how our financial markets work, many people do not know how to research an investment or its seller thoroughly. Many fall prey to affinity group fraud, in which a con artist claims to be a member of the same ethnic, religious, career or community-based group.

"You can trust me because I'm like you," the con artist says. "We share the same background and interests. And I can help you make money."

Another equally effective pitch - if the con artist is not a member of the group - is to lull members into a misplaced trust by first selling to a few prominent members of the group. Then, using their names, the con artist pitches the scam to the rest of the group. The effect is the same: Once the connection to the group is understood, the individual's skepticism melts away and another sale occurs.

Even after investors recognize the scam for what it is, they often do not notify authorities. Instead, they try to solve problems within the group. Swindlers who prey on minorities play the loyalty angle for all it is worth.

Some members of long-established minority groups have accumulated savings and achieved a certain standard of living through years of hard work. Often, they want to give back to the community to help others like themselves. However, such inclinations often make these groups easy prey for con artists who, despite sharing the same ethnicity or culture, are motivated by greed.

Religious affinity group fraud remains a widespread problem, with swindlers across all denominations. Consumers have complained about fraud and abuse by "born again" financial planners, con artists claiming church endorsements and givers of "divinely inspired" investment advice.

Many of the scams are based on dire predictions of imminent financial and social chaos, such as a sharp drop in the stock market. Specialized media outlets - religious-oriented magazines, newspapers, radio stations and cable television outlets - make it easy for con artists to target the faithful.

Protect Yourself

In short, the tight-knit structure of many religious, community and social groups is a perfect environment for the con artist. What can you do to protect yourself?

1. Obtain a prospectus or other form of written information that details the risks in the investment, as well as procedures for getting your money out of the investment.

2. Beware of the use of names or testimonials from other group members. Scam artists frequently pay high returns to early investors with money generated from later investors. As a result, early investors might be wildly enthusiastic about a scheme that collapses once you have invested.

3. Ask for professional advice from a neutral outside expert not in your group - an attorney, accountant, financial planner - to evaluate the investment.

4. Call the Montana Securities Department in the State Auditor's Office at 1-800-332-6148 for information about the firm and the person selling the investment, including whether they are registered.

How the Faithful Can Avoid Scams

1. Be wary of investments that seem closely tied to a particular religious belief. It makes little sense that an investment opportunity would be available only to members of a specific church or faith. Many religious scriptures warn of those who would exploit faith for personal enrichment.

2. Be cautious if the promoter of an investment opportunity tries to capitalize on connections or leadership within a religious group.

